KARBON

The Pricing Playbook

Double Your Firm's Prices in 4 Easy Steps

Charge what you're worth and get paid for the value you provide your clients.

With Ryan Lazanis, CPA
Founder of Future Firm

Introduction

by Ryan Lazanis, CPA
Founder of Future Firm

Back in 2018, I grew my online accounting firm into a multiple 7-figure business that I sold to a large multinational company. And I did it in large part by following the process outlined in this playbook.

It's a 4-step process that enabled me to grow my business, increase my new client close rate, charge my current clients more, and work smarter (not harder). It worked for me and hundreds of other accounting firms who are part of my Future Firm Accelerate® program:

> "I sent out 4 proposals on Monday, within less than 24 hours I had two approve the bronze plan and two approve the silver plan! And at about twice what I would normally charge!"
>
> — *Samantha Kelley, Kelley & Chulick Certified Public Accountants*

> "I just upgraded a client from $500/month to $3,500/month. That's what I call a good day."
>
> — *Rachel Smith, Books on Point*

Pricing high is not a strategy, but a process.

In this playbook, you'll learn the process for how you can:

1. Lay the foundations in your Discovery Call
2. Set up 3-tiered pricing
3. Leverage an 'Options Call'
4. Finalize the sale with a well-defined agreement

This is a tested and proven process. It simply works. If you're in a state of burnout, feeling hopeless about how much you need to work to keep your firm running, or if you're just looking to optimize your business—this 4-step process is going to help you.

Why should you increase your firm's pricing?

There are two big reasons you need to focus on increasing your firm's pricing:

1. Not charging enough leads to burnout

Sure, you might have a large pool of clients if your prices are low. But if you're doing 'too much for too little', you'll spread yourself (and your team) way too thin.

It's a simple equation: learn how to charge more for what you're already doing and you'll need fewer clients (therefore less capacity) for the exact same amount of money.

2. Subpar pricing leads to low margins

A great accounting firm requires a great team. And sometimes a great team is not cheap. This means you need very healthy margins to support those people and remove you from being the bottleneck of everything.

By charging more, you'll produce better margins and be able to hire better resources to support your growth and protect your time.

Debunking the biggest myths about raising prices

Myth 1
You'll scare away potential clients

It's simple: if you've successfully communicated the value you can bring to a prospect's business and personal life as their trusted advisor, they will be compelled to sign your agreement. Tap into the emotion of what you can do for them. The moment they know exactly what to expect, you will find that barriers and excuses such as "I don't have the money for XYZ services" will melt away.

Myth 2
You'll lose current clients

Again, if you successfully communicate your value to your clients, you will retain the majority of them after increasing your prices. If they recognize the value you're bringing them, they won't go anywhere. But it's important to clearly communicate any pricing changes to them with plenty of warning.

And losing clients is not always a bad thing. In fact, you're probably already very busy, so you can afford to lose some lower margin clients.

Myth 3
You need a reason to increase your prices

Simply put, every business transaction needs to be great for both parties, not just one party (i.e. your client). You should want to appease your clients, yes, but you also need to think about yourself.

Myth 4
You don't have enough time to actually implement it

This guide is everything you need to rebut this excuse. With 4 steps, you can make it happen. It will take some work, but chances are, it's a lower lift than you expect.

Step 1

Master the Discovery Call

Your Discovery Call (and the questions you ask in that call) is the key to unlocking higher prices.

The Discovery Call is the most important step to landing higher prices—it's where you'll be asking questions to extract your prospect's value drivers. When you understand what your clients find valuable and where you can drive value, pricing high becomes a lot easier.

Unfortunately, most firm owners are asking the wrong questions, leaving too many untapped opportunities and potential revenue on the table. The biggest opportunity to leverage is emotion, and you do that by asking questions that probe for value.

For example, a perfectly fine question to ask during a Discovery Call is, "How many bank transactions does your business have each month?" Asking this question isn't necessarily the wrong thing to do, but it's not evoking an emotional response from the prospect.

The magic comes in your follow-up question: "How does it make you feel to spend your time reconciling these 200 bank transactions per month?"

This question is where the prospect will be forced to reconcile how painful their pain points truly are. And this is where you can step in as the antidote to their pain.

If you can uncover the most painful problems in your prospect's business, you can charge a premium to solve them. And as a general rule, the more painful a problem is, the more someone will pay to solve it.

5 powerful Discovery Call questions

1. Your pricing and packaging needs to ensure that it's consistent with the outcomes the prospect is looking for:

   "In an ideal scenario, what specific outcomes are you looking to achieve in your business?"

2. Your pricing and packaging will need to address their biggest frustrations:

   "What is the biggest challenge in your business right now?"

3. Narrow down to the reason why they reached out to you (you'll want to make sure your proposal solves the problem they're reaching out about):

   "Why are we speaking now?"

4. Probe them to consider the negative consequences of not choosing your firm:

   "What will your business look like in 12 months if you remain with your current accounting firm?"

5. Prompt them to verbalize why you're a good fit for each other:

   "Why is our firm the best fit for you?"

Step 2

Implement 3-tiered pricing

The sooner you understand that pricing is psychological, the better.

Imagine if Goldilocks had only one option: only one bowl of porridge and it was too hot. Or only one bed and it was far too big. She would've left the three bears' house hungry and unrested. Luckily, Goldilocks found three options for each, and was well-fed and slept soundly.

Not too big, not too little, but just right. Except this time it's not Goldilocks. Instead, it's the sound of your new 3-tiered pricing model signing a client onto a more profitable service plan.

The problem with flat-fee pricing

Simply, pricing is difficult because it's impossible to get into a prospect's head and figure out the maximum they're willing to pay. It's arguably one of the most sensitive parts of leading an accounting firm, and without a good deal of experience, it can be difficult to get right.

Relying on a single price is like aiming an arrow at a narrow bullseye—it'll be exciting if you can hit it, but the chances of you doing so are slim. Instead, a wider bullseye is easier to hit more consistently.

Having a one-size-fits-all payment option can lose you revenue:

- If it's too much, people will walk away
- If it's too little, they'll take it faster than you can say, "I'm undervaluing my services"

Grouping your services into tiers lets people choose the level of engagement they feel comfortable with along with providing you the opportunity to move your pricing upstream.

With a 3-tiered pricing structure, instead of asking yes or no, you're asking how much. And even if they select the lowest tier, that's still a new client that might've walked away from a 'take it or leave it' ultimatum.

What is 3-tiered pricing for accounting firms?

3-tiered pricing (or the Goldilocks Method) for accounting firms is simple. Instead of giving one option for your services, you split your services and pricing into three tiers:

1. **Bronze**
   This will be your cheapest option, and if you're changing an existing pricing structure from a one-size-fits-all to a 3-tiered, this will be the price your clients are already paying. It covers the basic services you offer with no frills.

2. **Silver**
   More expensive than bronze, this tier comes with additional services that aren't covered in the basic package. People will feel like they're getting a more exclusive service without breaking the bank. You'll find the majority of people go for this option.

3. **Gold**
   This is your premium package that includes all your best services. This tier should be priced significantly higher than the silver (even twice as much) and branded as a premier service package.

Naturally, fewer people will sign up for the gold tier than the silver because of its price. But its presence in the tiers will lead clients to the silver option, as the silver will no longer be the most expensive—your clients will subconsciously compromise.

Here is a very basic example of the three tiers for a tax return service:

1. **Bronze:** Filing the tax return
2. **Silver:** Filing the return and having a meeting to discuss
3. **Gold:** The filing, the meeting, and a more comprehensive tax planning service

Pricing is psychological

All too often when deciding what to charge clients, firm owners tend to lean towards lower pricing because they're eager to get the customer through the door—they're afraid to lose them if they push for a higher price, even if it's what the service is worth.

But there's a reason why most of the world's SaaS companies and subscription services adopt 3-tier pricing. Studies show that if given three options, consumers are 66% more likely to choose the middle tier.

It works for a few reasons:

First, most people don't want the most expensive option, but they also feel dissatisfied with selecting the base option because it lacks certain features. So, naturally, they'll select the middle tier.

But more importantly, there's a concept called price anchoring.

Price anchoring is a strategy that plays on a buyer's tendency to inherently compare information. So, when people see your pricing options, one of the things they'll first notice is that your gold option is higher than your silver and bronze plans, and they'll use that as an anchor. Straight away, the silver and bronze plans will appear the more palatable pricing options.

3-tier pricing also lets you control the purchasing decision because you dictate the pricing levels, while making the purchaser feel in control because they're the ones ultimately deciding on the tier.

Another benefit of the 3-tiered system is you can propose more aggressive pricing options knowing that if someone doesn't like the look of them, they'll go back to either your silver or bronze tiers. You won't lose the client completely.

That's why adjusting your focus to the 3-tiered pricing structure is beneficial: the messaging to your clients is going from 'take it or leave it' to 'let's figure out what's right for you'.

Step 3

Schedule an Options Call

An Options Call gives you the opportunity to walk prospects through the pricing and handle any objections.

So far, you've implemented a brand new 3-tiered pricing model and nailed your Discovery Call. So far, so good. Now you'd likely consider sending your prospect a proposal with pricing options via email after the Discovery Call. Most firm owners would do the same.

But, unfortunately, this is costing them thousands of dollars each year, even if they do land the client. The reason goes back to the 3-tiered pricing.

The pricing packages alone are enough to increase your close rate while charging them higher price points. But what if you took it a step further?

Rather than simply sending the pricing options, what if you scheduled another call to discuss them? This, unsurprisingly, is called an Options Call. And it's simple: all you're doing is holding a call with your prospect to go over the different service level options and ask which fits their needs best.

There are two key reasons why this call is more effective than only sending a proposal through email:

1. It allows you to demonstrate why your gold and silver plans are of higher value than your bronze plan, which makes it easier for you to land higher-paying engagements.
2. It lets you handle any objections right on the spot.

When you email a proposal, the prospect ends up making their own decision and it's very difficult to reverse that decision after it's made.

But with an Options Call, you can understand what they like, what they don't like, and help guide them to the appropriate solution while countering any objections they might have along the way.

Step 4

Finalize a well-defined agreement

Safeguard your time and sanity with an air-tight agreement.

Accounting firm owners are overworked. You know that. But it doesn't have to be this way. You (should) also know that. You deserve to live a life that isn't dictated by your workload, a life that affords you the free time you want to spend with your family, take up a hobby, go golfing, and yes, take a vacation.

This step will help you do just that.

It's absolutely no good to land an amazing price if you have a poorly defined service agreement.

Too many firms are delivering work over and above what they thought had been agreed upon with the client. They're performing work that is out-of-scope without adjusting their prices, which means they're doing that work for free (as well as biting into their precious capacity).

All of a sudden, their job becomes 'keeping the client happy'. It's dangerous territory that leads to late nights, stressful mornings, and resentment from the client and firm owner. And the worst part is that it isn't the client's fault—it's the firm's. Clients simply don't understand everything accountants do. So it's up to you as the firm owner to define exactly what you're doing and how you're doing it.

And this is how you do it: use an engagement letter that acts as a contract and defines the overall business relationship with the client.

The engagement letter should outline:

- Your services
- Your prices
- Your scope

You're not just stating the services provided and the price for those services—you're defining exactly what each deliverable is for the agreed price. That way, the next time a client asks for something out-of-scope, all you have to do is point them to your engagement letter, which clearly states the boundaries of each of your services.

You'll earn more, work less, and actually keep clients happier in the process.

To finetune your engagement letter, get started with this comprehensive engagement letter guide.

Double your prices today

It's natural to be hesitant about increasing your pricing. Humans are naturally wary of change, let alone a change to such a core part of their business. But by now, you should have an understanding of the potential this particular change has on your ability to transform your firm.

By implementing these four steps, you'll increase your revenue, close more clients, and gain back valuable free time to spend however you wish.

It's time for you to start charging what you are worth and getting paid for the value that you are providing to your clients. This is your chance to make scope creep a thing of the past, to get paid more, all without working any more than you are today.

Step 1
Master the Discovery Call

Ask questions that probe for value to uncover how much someone might be willing to pay.

Step 2
Implement 3-tiered pricing

Give prospects three service packages to choose from.

Step 3
Schedule an Options Call

Present your three service packages on a live call, instead of just emailing a proposal.

Step 4
Finalize a well-defined service agreement

Specifically state what is in-scope and out-of-scope in your engagement letter.

FUTUREFIRM ACCELERATE®

About Future Firm Accelerate

Ryan Lazanis, CPA
Founder of Future Firm

Learn more about doubling your firm’s prices and other ways to grow your accounting firm and reclaim your time with Future Firm Accelerate®.

You’ll join a self-paced, step-by-step online program designed to help busy firm owners like you:

- Scale your firm by systematizing and automating your business model and processes
- Drastically reduce your workload, improve your work-life balance, and make time for what’s important outside of work
- Become an influential, successful business owner instead of a ‘glorified file preparer’
- Transform your firm into a valuable asset that you can sell for a premium when you’re ready
- Get the guidance you need in 10 minutes or less per week, so you can get ‘unstuck’ and hit your goals faster than ever before

Everything in Future Firm Accelerate® is based on what I’ve learned scaling my previous firm to multiple 7-figures—while working less than 35 hours per week—and helping other firm owners do the same.

Click here to join 700+ modern firm owners in Future Firm Accelerate®.

“Hi Ryan, Things are going great. We’ve gone from 10 monthly clients to 55... and I no longer want to shut down my firm. But the best part is that I’ve removed myself from all bookkeeping work, and I work a lot less than I used to. Thanks a lot!”

— *Ugo Soum*

“Hey Ryan, The firm is running SO much more smoothly than before thanks to Future Firm Accelerate. I’m no longer doing client work, revenue has grown from 650k to $1.9M, and I now have the mental and emotional bandwidth to run my firm the way I always wanted.”

— *Marie Phillips*

“Not only has my revenue increased 3.26x YoY and net profits 3.32x, but my team now does the majority of the work. Plus I’ve implemented a ton of time-saving tactics. I feel better than ever about my business. Thank you!”

— *Steven Freshour*